

## Hale High School Fund Trustees

### Minutes

July 22, 2021, 2:30 p.m.

**Members Present:** Linda Hathaway, Kathleen Pavelchek, Laura Reiner, Jeff Smith  
Bartholomew & Company representatives present: Kathleen Glowacki, Michelle Newcomb

#### Call to Order

The Trustees of the Hale High School Fund met via Zoom conference call on July 22, 2021. Jeff called the meeting to order at 2:30 p.m. All Trustees were present.

#### Bartholomew and Company Account Updates

Michelle Newcomb brought up two housekeeping issues related to the HHSF's account with Bartholomew & Company.

There have been personnel changes in Stow's Treasurer's office since the our account was opened. The current account signers are Jeff Smith and Lani Criasia (Stow's Assistant Treasurer). Authorized signer documentation needs to be updated to replace Lani and add Brad Brightman (Stow's Treasurer/Collector) as an account signer.

**Motion:** Update Bartholomew & Company account information to list Stow's Treasurer/Collector as an authorized signer on the HHSF account.

Made by Laura; Seconded by Linda

*Passed unanimously.*

If HHSF needed funds to be transferred to or from the Bartholomew & Company investment account for its own use, it is not clear how these transfers would take place. Michelle suggested that a “journal transaction” to a Town of Stow account might be an acceptable approach. Otherwise a separate bank account might be required. She will discuss this with Treasurer/Collector Brad Brightman. A proposed solution for this will be reported the next time the HHSF trustees meet.

#### Fiscal Year 2021 Annual Review

Michelle Newcomb and Kathleen gave an overview of the Fiscal Year 2021 Annual Review Report prepared for the Hale High School Fund. This report includes:

Information about Bartholomew & Company and its staff.

An analysis of current market trends and a short-term market forecast

A review of HHSF portfolio performance since its transfer to Bartholomew & Company in January of 2020.

A report of HHSF portfolio holdings as of June 30, 2021.

Summary of Fiscal Year 2021 earnings and changes in assets

The report also includes reference information:

Current HHSF Investment Policy Statement

Extracts of Massachusetts General Laws that apply to the investment of public funds.

The HHSF portfolio was valued at \$718,433.80 when it was transferred to Bartholomew and Company in January of 2020. This was shortly before the corona virus pandemic hit. The following 18 months were unsettled with significant increases in unemployment and major market disruptions. However, it was a good time to remain invested in the market. The return on the HHSF portfolio for this period was 8%.

At the beginning of Fiscal Year 2021, the market value of the HHSF portfolio had dropped to \$679,160.97. Fiscal Year 2021 earnings, net of fees, were \$116,591.59. This includes realized and unrealized capital gains. Return for the year was over 18%, a truly remarkable rate. The HHFS portfolio value as of June 20, 2021 was \$788,063.74.

It was noted that there are small differences between the some values in the Performance Review and the Accounting Summary. Some accrued-not-paid dividend information is not included in the Accounting Summary. Updated, final figures will be available when all fiscal end-of-year reporting has been completed.

The holdings of the HHSF are being transitioned to investments that meet our ESG investment goal. Approximately 70% of our current holdings are ESG investments. Most of the bond holdings in HHSF's original portfolio have been paying better interest rates than those available in the current market. Therefore, few of these holdings have been divested and they will likely be held until final maturity. These higher-earning bonds account for most of the 30% of the portfolio that is not invested in ESG vehicles.

It was noted that cash holdings on June 30, 2021 were somewhat higher than typical. Additional investments will be made soon to return the percentage of the portfolio held in cash to expected levels. Otherwise, portfolio allocation is in line with our 60% equity/40% fixed goal.

The current report includes little information about risk and reward. Risk analysis will be more meaningful when three years of investment history are available.

Looking to the near future, portfolio returns are expected to return a more typical level. Market projections show that there will be a short-term increase in inflation rates. Although unemployment levels have dropped, job openings still greatly outnumber hiring and there is evidence that more workers are choosing to leave the work force permanently. Additional government spending, especially for infrastructure, is expected. In general, economic forecasts for the near future are relatively strong.

No changes to HHSF's investment strategy were recommended.

### Minutes and Correspondence

**Motion:** Approve minutes from the June 10, 2021 meeting as presented.

Made by Laura; Seconded by Linda

*Passed unanimously.*

The Trustees received a letter from Library Director Tina McAndrew acknowledging receipt and expressing thanks for the recent distribution from the fund.

### Next Meeting

Minutes July 22, 2021 (Draft)

Page 2 of 3

The Trustees do not anticipate any new business until after the end of the year. The next meeting will be scheduled in January, 2022.

Meeting adjourned at 3:20 p.m.

Respectfully submitted,

Kathleen Pavelchek